



A Guide to Upcoming Changes in Australia's AML/CTF Regime

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In collaboration with:



Australian Institute of
CREDIT MANAGEMENT

1) Introduction

At the invitation of the AICM, the Partners at Turks have prepared this guide to help businesses understand how Australia's AML/CTF laws are being modernised, what's changing, and what they need to know before the reforms take effect.

The *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024* (Cth) (**Amendment Act**) received royal assent on 10 December 2024. The Amendment Act constitutes the most significant overhaul to Australia's Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regime since its introduction in 2006.

The changes are aimed at closing legislative gaps to better align the regime with the international standards set by the Financial Action Task Force (**FATF**). The objectives of the Amendment Act are to broaden the regime, modernise and update the regime to deal with new technologies and business structures, and to simplify and clarify compliance with the regime with a focus on risk and outcomes.

With the changes to come into effect starting March 2026, it is important that businesses are aware of the obligations on them and their customers. More businesses will need to enrol with the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and businesses already enrolled will need to re-assess their AML/CTF programs to ensure compliance with the updated regime. We detail a summary of their obligations in the paper below.

2) Extension of AML/CTF regime to certain service providers

The Amendment Act will extend the AML/CTF regime to certain high-risk services provided by real estate professionals, dealers in precious metals and stones, and professional service providers such as lawyers, conveyancers, accountants, and trust and corporate service providers (collectively, '**Tranche Two Entities**').



Designated services will include:

Real estate services

1. brokering the sale, purchase or transfer of real estate in the course of carrying on a business. This will apply to real estate agents and businesses that represent sellers or buyers; and
2. selling or transferring real estate in the course of carrying on a business selling real estate where the sale or transfer is not brokered by a real estate agent. This will apply to property developers and other businesses that sell real estate.

Dealers in precious metals and stone

3. buying or selling bullion in the course of carrying on a bullion-dealing business; and
4. buying or selling the following items where the value transfer is not less than \$10,000:
 - a. precious metal;
 - b. precious stones;
 - c. precious products; and
 - d. any combination of the above items.

Professional services

5. assisting or otherwise acting on behalf of a person in the planning or execution of a transaction to sell, buy or transfer real estate;
6. assisting or otherwise acting on behalf of a person in the planning or execution of a transaction to sell, buy or transfer body corporate or legal arrangement;
7. receiving, holding and controlling or managing, including disbursing, a person's money, accounts, securities and securities accounts, virtual assets or other property;
8. assisting or otherwise acting on behalf of a person in organising, planning or executing a transaction for equity or debt financing relating to a body corporate or legal arrangement;
9. selling or transferring a shelf company;
10. assisting or otherwise acting on behalf of a person in the creation or restriction of a body corporate or legal arrangement;
11. acting or arranging another person to act as certain appointments, including a director or secretary of a company, a power of attorney of a body corporate or legal arrangement, a partner in a partnership, or a trustee of an express trust;
12. acting or arranging another person to act as a nominee shareholder of a body corporate or legal arrangement; and
13. providing a registered office address or principal place of business address of a body corporate or legal arrangement.

IMPORTANT DATES

Tranche Two Entities providing services that fall into the above categories will be required to comply with the AML/CTF regime from 1 July 2026. These entities will be able to enrol as reporting entities with AUSTRAC from 31 March 2026.

3) Other transactions affected

The Amendment Act will cover various new designated services relating to the exchange of digital currency. It will also replace the definition of 'digital currency' with a new definition of 'virtual asset'.

Under Part 1 of Schedule 6 of the Amendment Act, in addition to exchanging digital currency for money or money for digital currency, designated services will also include:

1. providing a virtual asset safekeeping service in the course of carrying on a business as a virtual asset service provider;
2. exchanging a virtual asset for another virtual asset in the course of carrying on a business as a virtual asset service provider; and
3. participating in or providing financial services in connection with the offer or sale of a virtual asset in the course of carrying on a business participating in the offer or sale.

Further, the Amendment Act replaces the definition of 'digital currency' with 'virtual asset' with the goal of responding to developments in the industry and to align with global terminology used by FATF.

A 'virtual asset' is defined as a digital representation of value that is not issued by or under the authority of a government body, that may be transferred, stored or traded electronically, and that:

1. functions as:
 - a. a medium of exchange;
 - b. a store of economic value;
 - c. a unit of account; or
 - d. an investment.
2. enables a person to vote on the management, administration or governance of arrangements connected with a digital representation of value.

However, the definition of virtual asset does not include a digital representation of value used exclusively within an electronic game or customer loyalty or reward points.

IMPORTANT DATES

These changes will commence on 31 March 2026.

4) Enhanced risk assessment requirements

Under Division 2 of Schedule 1 of the Amendment Act, affected businesses are required to undertake an ML/TF risk assessment to identify and assess the risk of money laundering, financing of terrorism and proliferation financing that they may reasonably face in the course of providing designated services.

An ML/TF risk assessment must be proportionate to the nature, size and complexity of the affected business, and must take into consideration:

1. the kinds of designated services provided by the affected business;
2. the kinds of customers to whom the designated services are provided;
3. the delivery channels by which the designated services are provided;
4. the countries dealt with in providing the designated services; and
5. information provided by AUSTRAC that identifies or assesses associated risks.

Affected businesses must review and, as required, update their ML/TF risk assessments if there are any significant changes to the above matters, if AUSTRAC provides information that identifies or assesses associated risk, if required by the AML/CTF Rules, and in any event, at least once every three years.

Affected businesses must not provide designated services without up-to-date ML/TF risk assessments.

IMPORTANT DATES

These changes will commence on 31 March 2026.

5) Updated AML/CTF programs

Under Division 3 of Schedule 1 of the Amendment Act, affected businesses must develop and maintain policies and procedures that:

1. appropriately manage and mitigate the risks of money laundering, financing of terrorism and proliferation financing that they might reasonably face;
2. ensure the affected businesses comply with their obligations imposed by the AML/CTF Act, the regulations, and the AML/CTF Rules; and
3. are proportionate to the nature, size and complexity of the businesses.

IMPORTANT DATES

These changes will commence on 31 March 2026.

Roles and responsibilities

Under Division 4 of Schedule 1 of the Amendment Act, governing bodies of affected businesses, being the individuals or groups with primary responsibility for the governance of those businesses, are required to exercise appropriate ongoing oversight of the affected businesses' AML/CLF programs and take reasonable steps to ensure that the affected businesses effectively identify and mitigate risks they may reasonably face in the course of providing designated services.

Further, affected businesses are required to appoint an individual as a compliance officer who will be responsible for overseeing and coordinating the businesses' AML/CTF programs, and ensuring that any changes to the programs are approved by an individual in senior management and notified to the governing bodies of the businesses.

The compliance officer must be employed or otherwise engaged by the businesses at the management level, must have sufficient authority, independence, and access to resources and information to ensure they can perform the functions of an AML/CTF compliance officer effectively, if the affected business provides a designated service through a permanent establishment in Australia, must be a resident of Australia, and must be a fit and proper person.

IMPORTANT DATES

These changes will commence on 31 March 2026.

6) Customer due diligence

Under Part 1 of Schedule 2 of the Amendment Act, affected businesses must not, other than in certain exceptional circumstances, provide designated services to a customer if they have not established on reasonable grounds each of the following:

1. the identity of the customer;
2. the identity of any person on whose behalf the customer is receiving the designated service;
3. the identity of any person acting on behalf of the customer and their authority to act;
4. if the customer is not an individual, the identity of any beneficial owners of the customer;
5. whether any of the above kinds of persons is:
 - a. a politically exposed person; or
 - b. a person designated for targeted financial sanctions;
6. the nature and purpose of the business relationship or occasional transaction.

To establish each of the above matters on reasonable grounds, businesses must:

1. if the customer is an individual – take reasonable steps to verify the customer's identity;

2. identify the ML/TF risk of the customer based on reasonably available KYC information;
3. collect KYC information about the customer appropriate to the ML/TF risk; and
4. verify the KYC information using reliable and independent data.

Further, affected businesses are required to monitor their customers on an ongoing basis to identify, assess and mitigate ML/TF risks that they may reasonably face in providing designated services.

If the ML/TF risk of a customer is low, affected businesses may apply simplified CDD measures.

Businesses must apply enhanced CDD measures if:

1. the ML/TF risk of a customer is high;
2. if:
 - a. a suspicious matter reporting obligation arises for a customer; and
 - b. the affected business continues providing designated services to the customer;
3. a customer, any beneficial owner of a customer, any person on whose behalf a customer is receiving designated services, or any person acting on behalf of a customer, is a foreign politically exposed person;
4. if any of the above kinds of persons is:
 - a. an individual who is physically present in a high-risk jurisdiction; or
 - b. a body corporate or legal arrangement was formed in a high-risk jurisdiction;
5. a designated service is provided as part of a nested services relationship.

IMPORTANT DATES

These changes will commence on 31 March 2026.

7) Legal professional privilege

Schedule 4 of the Amendment Act clarifies that nothing in the AML/CLF Act affects the right of affected businesses to refuse to provide information or produce documents if that information or those documents are protected by legal professional privilege.

Further, the fact that an affected business has provided a description of information or documents that are, or may be, protected by legal professional privilege does not, in itself, constitute a waiver of that privilege by the affected business.

Where AUSTRAC requests the provision or production of privileged information or documents from an affected business, an LPP form must be submitted to assert legal professional privilege.

IMPORTANT DATES

These changes will commence on 1 July 2026.

8) New AML/CTF Rules

AUSTRAC published the updated AML/CTF Rules on 29 August 2025 (**New AML/CTF Rules**).

The New AML/CTF Rules are contained in two legislative instruments:

1. the new *Anti-Money Laundering and Counter-Terrorism Financing Rules 2025* which replaces the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007*; and
2. the renamed and amended *Anti-Money Laundering and Counter-Terrorism Financing Rules (Class Exemption and Other Matters) 2007*, formerly titled, the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007*.

The New AML/CTF Rules provide supplementary details to the obligations set out in the Amendment Act and are intended to operationalise the new AML/CTF regime under the Amendment Act.

The New AML/CTF Rules support the Amendment Act by:

1. providing finer details for obligations under the Amendments ACT, for instance, with respect to reporting groups, AML/CTF programs, and customer due diligence requirements;
2. specifying information required to comply with obligations in relation to enrolment, suspicious matter reporting, threshold transaction reporting, and transfer of value; and
3. restating unchanged obligations in simpler terms such as compliance reporting requirements.

Some of the key changes to the New AML/CTF Rules include:

1. broadened enrolment and registration requirements including provision of more detailed disclosures regarding services provided, beneficial ownership, and financial information;
2. enhanced AML/CTF program requirements including conducting and documenting risk assessments after adverse events, and implementing mitigation strategies, obtaining independent evaluations and ensuring senior management oversight and staff training;
3. provision of customised procedures for customer due diligence based on customer type, and the requirement to collect information from customers such as beneficial ownership; and
4. requirement to provide more detailed personal and transaction-related data for suspicious matter reporting and need for payer and payee identification for value transfer transactions.

Separate core guidance is expected to follow in October 2025 which will include sector-specific guidance for lawyers, accountants, real estate agents, conveyancers and jewellers. Also included will be starter program kits for small, low-complexity businesses in these sectors.

9) Next steps for businesses and their customers

The next steps for businesses with respect to the upcoming changes to the regime, including where relevant, steps to support or verify actions taken by their customers, are to:

1. determine whether they, or their customers, fall within the newly regulated kinds of Tranche Two Entities;
2. ensure they, or their customers, enrol with AUSTRAC as reporting entities before 1 July 2026;
3. conduct, or ensure their customers conduct, an ML/TF risk assessment to identify risks they may reasonably face;
4. develop or update AML/CTF policies to address identified risks, or ensure customers have appropriate measures in place if applicable;
5. confirm that their governing bodies, or those of their customers, are overseeing AML/CTF program implementation;
6. appoint a compliance officer with sufficient authority, or verify that customers have made an appropriate appointment;
7. carry out initial, ongoing and enhanced customer due diligence, or confirm that customers are meeting these requirements where applicable;
8. report relevant transactions and suspicious matters to AUSTRAC, or confirm that customers are doing so if appropriate;
9. maintain records in accordance with AML/CTF obligations, or ensure customers are fulfilling this requirement where relevant.

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